

**SPRINT TO CHANGE VARIOUS TELEPHONE RATES
UNDER PRICE CAP FILING**

Jefferson City (December 5, 2000)---Sprint Missouri, Inc. d/b/a Sprint (Sprint) will be changing a number of their telephone charges under a price cap filing approved by the Missouri Public Service Commission.

In 1996, the Missouri Legislature passed and the Governor signed a bill (Senate Bill 507) which granted pricing flexibility (called price cap regulation) to certain telephone companies such as Sprint, if those companies could demonstrate that an alternative local telephone company was providing basic local telephone service in its service territory.

Sprint demonstrated to the Missouri Public Service Commission in August of 1999 that competition existed within its service territory. As a result, Sprint was given price cap regulation joining Southwestern Bell Telephone Company and Verizon as telephone companies in Missouri under such regulation. **Under price cap regulation, these companies are no longer required to file a rate case with the Missouri Public Service Commission to change their rates for various services.**

Under the state law, telephone rate changes must be filed with the Missouri Public Service Commission. The Commission then ensures that those changes comply with the law.

As part of the 1996 state law, Sprint's rates were frozen until January 1, 2000. After that date, prices could change either up or down annually according to two relatively conservative government price indexes, which are based on the price of telephone services throughout the country. This standard should cause rate levels to remain affordable. In addition to the consumer price index adjustment, state law allows Sprint, Southwestern Bell and Verizon to adjust basic monthly telephone rates, once a year, by no more than \$1.50 a month, up to a maximum overall increase of \$6.00 over a four-year period. This is allowed under what is termed rate rebalancing which means that those revenue increases are to be offset by decreases in access charges paid to Sprint by long-distance carriers for access to the Sprint telephone system to carry a long-distance call. In addition, an increase in basic local telephone rates must be accompanied by a 10% reduction in IntraLATA long-distance toll rates.

Sprint's filing will result in a number of changes including the fact that the Company will no longer separate touch tone and mileage charges from basic local telephone service. According to Sprint's filing, the effect on basic local telephone rates will depend upon the type of customer.

(More)

According to the Sprint filing, approximately 77% of Sprint's residential customers have touch tone service, approximately 35% pay mileage charges. Mileage charges apply when a customer lives outside of the base rate area of an exchange (basically outside of the city limits).

For a **residential customer paying touch tone and mileage charges today**, this filing will result in a **reduction of 40 cents a month** in their basic monthly telephone rate. Approximately 27% of Sprint's residential customers would be affected.

For a **residential customer who pays for touch tone but has no mileage charges**, basic monthly telephone rates will **increase by \$1.95 a month** under this filing. Approximately half (50%) of Sprint's residential customers would be affected.

Approximately 8% of Sprint's **residential customers do not have touch tone but do pay mileage charges**. Those customers will **pay 85 cents a month more** for basic monthly telephone service.

Residential customers who **do not have touch tone service and do not pay mileage charges** will **pay \$3.20 more a month** for basic monthly telephone service. Approximately 15% of Sprint's residential customers fall into this category.

This filing will also increase non-basic telephone service rates (such as call forwarding and call waiting) by approximately 8 percent. Under the filing, the access charges paid by long-distance carriers to Sprint will be reduced, which should mean lower long-distance rates for customers. In addition, IntraLATA long-distance rates will drop by approximately 10%.

Missouri is divided into four LATAs (Local Access Transport Areas). They are: the 314, 573 and 636 area codes with the exception of the Columbia/Jefferson City market area; the 417 area code; the 816 and 660 area codes; and the Jefferson City/Columbia market area. An example of an IntraLATA long-distance call would be a call which originates and terminates within a LATA. Jefferson City to Columbia would be an example of an IntraLATA call.

These rate changes will take effect on December 11, 2000. Sprint serves approximately 206,300 telephone customers in Missouri.